

COMPLIANCE WITH CWA SECTION 117 RESTRICTING ADMINISTRATIVE COSTS

Statutory Authority

Under statutory authority, grantees applying for Chesapeake Bay Program grants/cooperative agreements under Section 117 must adhere to the requirement in the Clean Water Act, Section 117 — "Administrative Costs". This section requires a 10 percent cap for administrative costs.

Under Section 117(a)(1) Administrative Cost - The term "administrative cost" means the cost of salaries and fringe benefits incurred in administering a grant under this section.

Under Section 117(d)(4) - Administrative Costs. - Administrative costs shall not exceed 10 percent of the annual grant award.

Under Section 117(e)(6) - Administrative Costs. - Administrative costs shall not exceed 10 percent of the annual grant award.

Guidance for Determining Administrative Costs

As determined by EPA/CBPO, the following provides guidance in determining administrative costs for grants/cooperative agreements under Section 117 of the Clean Water Act.

1. Administrative Costs

Salaries and fringe benefits charged against the project or program element for the sole purpose of administering the grant/cooperative agreements shall not exceed 10% of the annual Federal grant. One hundred percent of the salaries and fringe benefits related to these functions are considered administrative costs. Examples of administrative costs, include but are not limited to:

- preparation and submission of grant applications
- fiscal tracking of grants funds
- maintaining project files
- collection and submission of deliverables

2. Non-administrative Costs

Salaries and fringe benefits related to the implementation of the project or program element of the grant/cooperative agreement are not considered administrative costs. None of the salaries and fringe benefit costs related to these functions shall be considered administrative costs. Example:

- the salaries and fringe benefits for technical staff to conduct work to accomplish specific Bay Program goals as outlined in the program or project elements are not administrative costs.

3. Calculation of Administrative Costs

The EPA Region III Grants Office has prepared a worksheet to be completed by the States for calculating their 10 percent limit on administrative costs for Chesapeake Bay Program grants/cooperative agreements. States must complete the attached Chesapeake Bay Administrative Cap Worksheet or a form containing similar information and submit to EPA with the Application for Federal Assistance (SF424) and with their annual Financial Status Report (SF269 and SF269A).

4. Questions Regarding Administrative Costs

The grantees shall direct questions to the EPA Project Officer who will determine what costs should be included as administrative costs on a case-by-case basis.